No. 14-1513

In The
Supreme Court of the United States

HALO ELECTRONICS, INC.,

Petitioner,

v.

PULSE ELECTRONICS, INC. and
PULSE ELECTRONICS CORPORATION,

Respondents.

**On Petition For A Writ Of Certiorari
To The United States Court Of Appeals
For The Federal Circuit**

BRIEF IN OPPOSITION TO PETITION FOR A WRIT OF CERTIORARI

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RESTATEMENT OF QUESTIONS PRESENTED

The questions on which Petitioner seeks *certiorari* mischaracterize Federal Circuit law and the facts of record. Petitioner's first question asserts that the Federal Circuit has applied a "rigid" test for the award of enhanced damages under 35 U.S.C. § 284 and that this "rigid" test is inconsistent with *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014), which dealt with awards of attorney fees under 35 U.S.C. § 285. In fact, the Federal Circuit applied a flexible two-part test for enhancement of patent infringement damages under 35 U.S.C. § 284, which is distinct from the test rejected in *Octane*.

Petitioner's second question asserts that the Federal Circuit did not correctly apply 35 U.S.C. § 271(a) when it refused to find that Respondents sold or "offer[ed] to sell" an allegedly infringing product "within the United States" in light of certain purported "facts" selected to support Petitioner's question. The "facts" relied on by Petitioner are mischaracterized and do not support the proposed question. In effect, Petitioner's second question is a hypothetical based on a limited and mischaracterized portion of the record.

RESTATEMENT OF QUESTIONS PRESENTED – Continued

Accordingly, a more accurate representation of the questions presented is:

1. Did the Federal Circuit err by applying a flexible, two-part test for enhancing patent infringement damages under 35 U.S.C. § 284, which is distinct from the test rejected in *Octane* for imposing attorney fees under 35 U.S.C. § 285?

2. Did the Federal Circuit err by holding that a U.S. defendant does not "sell" or "offer to sell" an allegedly infringing product "within the United States" under 35 U.S.C. § 271(a), when it negotiates with a U.S. customer in the U.S. regarding non-binding, potential terms of sale for products that are never present in the U.S., but are manufactured, shipped, and delivered outside the U.S., with all payments for the products being made outside the U.S.?

RULES 14.1(b) AND 29.6 STATEMENT

All parties are identified in the caption of this opposition brief. No publicly held corporation owns 10% or more of Pulse Electronics, Inc. No publicly held corporation owns 10% of more of Pulse Electronics Corporation. Pulse Electronics, Inc. operates as a subsidiary of Pulse Electronics Corporation.

TABLE OF CONTENTS

Page

RESTATEMENT OF QUESTIONS PRESENTED... i

RULES 14.1(b) AND 29.6 STATEMENT iii

TABLE OF CONTENTS iv

TABLE OF AUTHORITIES viii

STATEMENT OF THE CASE..... 1

I. 35 U.S.C. § 284 1

II. 35 U.S.C. § 271(a)..... 4

REASONS TO DENY THE PETITION..... 5

I. THIS IS NOT AN APPROPRIATE CASE FOR REEVALUATION OF ENHANCED DAMAGES UNDER 35 U.S.C. § 284..... 5

A. The Validity of the Underlying Patent Claims Is In Dispute 5

B. The Operative Facts Are In Dispute... 6

C. A Majority of the Federal Circuit En Banc Properly Concluded That This Case Is Not Appropriate for Reevaluating Enhanced Damages Under 35 U.S.C. § 284 7

D. Halo Waived Any Challenge to the *Seagate* Test..... 8

E. Halo Improperly Seeks Error Correction..... 12

F. Neither *Highmark* Nor *Octane* Bears on Issues In this Case 13

TABLE OF CONTENTS – Continued

Page

1. *Octane* and *Highmark* Interpret Only Section 285 and Say Nothing About Willfulness 15

2. *Octane* and *Highmark* Did Not Alter the "Objective Recklessness" Test Applied By the District Court In Finding No Willful Infringement; Nor Did They Change the Court of Appeals' Standard of Review 17

G. No Other Factors Warrant *Certiorari* 18

II. THE FEDERAL CIRCUIT'S DETERMINATION OF NO WILLFUL INFRINGEMENT UNDER 35 U.S.C. § 284 WAS CORRECT, AND FURTHER REVIEW IS UNNECESSARY 20

A. Halo Misstates the Law on Willful Infringement 21

1. A Court Can Properly Consider Post-Complaint Conduct When Assessing Willful Infringement 21

B. The District Court's Finding of No Willful Infringement Was Based on Halo's Failure to Prove Willfulness, Was Supported By Ample Evidence of Pulse's Reasonable Conduct, and Was Completely Correct 22

TABLE OF CONTENTS – Continued

Page

1. Trial Evidence Showed That Pulse's Conduct Was Objectively Reasonable and In Good Faith 23

2. Halo's Letters to Pulse In 2002 Did Not Allege Infringement; Only with the Complaint In 2007 Did Halo Allege Infringement, Whereupon Pulse Raised Substantial Defenses That Precluded Willful Infringement 25

3. Under *Bard*, the District Court Judge, Not the Jury, Decides the Objective Prong of Willfulness; Here, the Judge's Finding of No Willful Infringement Was Properly Affirmed 25

III. THIS IS NOT AN APPROPRIATE CASE FOR REEVALUATION OF THE TERRITORIAL REACH OF 35 U.S.C. § 271(a) 26

A. The Validity of the Underlying Patent Claims Is In Dispute 26

B. The Operative Facts Are In Dispute 27

C. The Federal Circuit Properly Held That This Case Is Not Appropriate for Reevaluating Infringement Under Section 271(a) 29

TABLE OF CONTENTS – Continued

Page

IV. THE FEDERAL CIRCUIT'S AFFIRMANCE OF THE GRANT OF PULSE'S MOTION FOR SUMMARY JUDGMENT UNDER 35 U.S.C. § 271(a) WAS CORRECT, AND FURTHER REVIEW IS UNNECESSARY... 32

A. Pulse's Limited Pricing Discussions In the United States Did Not Constitute Patent Infringement Because No Sales of Accused Products Occurred In the United States By Reason of Those Discussions 33

B. The District Court and Federal Circuit Properly Applied *Transocean* and Other Case Law In Granting Summary Judgment of No Direct Infringement "Within the United States." 35

CONCLUSION..... 41

TABLE OF AUTHORITIES

Page

CASES

Aro Mfg. Co. v. Convertible Top Replacement Co., 377 U.S. 476 (1964).....19, 21

Bard Peripheral Vascular, Inc. v. W.L. Gore & Assocs., Inc., 682 F.3d 1003 (Fed. Cir. 2012) ...*passim*

Brown v. Duchesne, 60 U.S. (19 How.) 183 (1856).....37

Deepsouth Packing Co., Inc. v. Laitram Corp., 406 U.S. 518 (1972).....37

DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc., 567 F.3d 1314 (Fed. Cir. 2009).....24

Dowagiac Mfg. Co. v. Minnesota Moline Plow Co., 235 U.S. 641 (1915).....37

Dowling v. United States, 473 U.S. 207 (1985).....19

Exxon Shipping Co. v. Baker, 554 U.S. 471 (2008).....14

Haas v. Peake, 544 F.3d 1306 (Fed. Cir. 2008) 10

Highmark, Inc. v. Allcare Health Mgmt. System, Inc., 134 S. Ct. 1744 (2014).....*passim*

Kiobel v. Royal Dutch Petroleum Co., 133 S. Ct. 1659 (2013).....27, 36

Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp., 383 F.3d 1337 (Fed. Cir. 2004) (*en banc*) 14

Lee v. Mike's Novelties, Inc., 2013 WL 6097232 (Fed. Cir. Nov. 21, 2013).....18

TABLE OF AUTHORITIES – Continued

Page

MEMC Elec. Materials, Inc. v. Mitsubishi Materials Silicon Corp., 420 F.3d 1369 (Fed. Cir. 2005) 38

Meyer v. Holley, 537 U.S. 280 (2003) 10

Microsoft Corp. v. AT&T Corp., 550 U.S. 437 (2007) 4, 36, 37

Morrison v. Nat'l Australia Bank Ltd., 130 S. Ct. 2869 (2010) 36, 38

Octane Fitness, LLC v. ICON Health & Fitness, Inc., 134 S. Ct. 1749 (2014) ..... *passim*

Pentax Corp. v. Robison, 135 F.3d 760 (Fed. Cir. 1998) 10

Root v. Ry. Co., 105 U.S. 189 (1881) 14

Rotec Indus., Inc. v. Mitsubishi Corp., 215 F.3d 1246 (Fed. Cir. 2000) 39

Safeco Ins. Co. of Am. v. Burr, 551 U.S. 47 (2007) 14

In re Seagate Tech., LLC, 497 F.3d 1360 (Fed. Cir. 2007) (*en banc*) ..... *passim*

Seymour v. McCormick, 57 U.S. 480 (1853) 14, 19

Spine Solutions, Inc. v. Medtronic Sofamor Danek USA, Inc., 620 F.3d 1305 (Fed. Cir. 2010) 18, 24

Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc., 617 F.3d 1296 (Fed. Cir. 2010) 4, 28, 29, 35, 38

Wood v. Milyard, 132 S. Ct. 1826 (2012) 10

TABLE OF AUTHORITIES – Continued

Page

STATUTES

35 U.S.C. § 154(a)(1) 38

35 U.S.C. § 271(a) ..... *passim*

35 U.S.C. § 284 ..... *passim*

35 U.S.C. § 285 ..... *passim*

Patent Act of 1836 19

Patent Act of 1946 20

Patent Law Amendments Act of 1984, Pub. L. No. 98-622, 98 Stat. 3383 37

RULES

S. Ct. Rule 10 ..... 12, 18

S. Ct. Rule 10(a) 18

S. Ct. Rule 10(b) 18

S. Ct. Rule 10(c) 18

OTHER AUTHORITIES

American Intellectual Property Law Association Amicus Br., *Highmark*, No. 12-1163 (U.S. Dec. 9, 2013) 16

Blue Cross Blue Shield Amicus Br., *Highmark*, No. 12-1163 (U.S. Dec. 9, 2013) 16

BSA/The Software Alliance Amicus Br., *Highmark*, No. 12-1163 (U.S. Jan. 24, 2014) 16

TABLE OF AUTHORITIES – Continued

Page

Google Amicus Br., *Highmark*, No. 12-1163 (U.S. Dec. 9, 2013).....15

Stephen M. Shapiro, Kenneth S. Geller, Timothy S. Bishop, Edward A. Hartnett, and Dan Himmelfarb, *Supreme Court Practice* (10th ed. 2013).....12, 17

Ten Intellectual Property Professors Amicus Br., *Transocean*, No. 13-43 (U.S. Aug. 5, 2013).....27, 28

STATEMENT OF THE CASE

In its petition for *certiorari*, Halo Electronics, Inc. ("Halo") poses questions for review that are not based on the facts of this case. It is only Halo's mischaracterizations of the facts, wholly unsupported by the record, that enable it to pose its two questions for review. Using those mischaracterizations, Halo urges the Court to take up issues that were never properly raised below (and have been waived) and to issue an impermissible advisory opinion. For that reason, and for the additional reasons discussed below, Respondents Pulse Electronics, Inc. and Pulse Electronics Corporation (collectively, "Pulse") urge the Court to deny Halo's petition.

Based on the facts, the real questions presented in this case regarding 35 U.S.C. §§ 284 and 271(a) are unremarkable, are easily answered in view of decades of precedent by this Court and the Federal Circuit and do not warrant review by the Court.

I. 35 U.S.C. § 284

Halo purports to seek review of the Federal Circuit's decision affirming a district court judgment that (1) correctly stated and applied the legal test for willful patent infringement established by *In re Seagate Tech., LLC*, 497 F.3d 1360 (Fed. Cir. 2007) (*en banc*), and (2) correctly considered and refused to award enhanced damages under Section 284. Halo urges the Court to consider a challenge to *Seagate*

that Halo waived in the proceedings below and to undertake a broad exercise in rewriting how Section 284 should be read and applied. Halo never asked either lower court to modify the *Seagate* test until it filed its petition for a rehearing *en banc* in the Federal Circuit. Nor did Halo previously argue on appeal that enhanced damages should be awarded absent a finding of willful infringement. Instead, in its post-trial and appellate briefs, Halo recited and relied on the *Seagate* standard and the Federal Circuit's subsequent, related opinion in *Bard Peripheral Vascular, Inc. v. W.L. Gore & Assocs., Inc.*, 682 F.3d 1003 (Fed. Cir. 2012). The Federal Circuit denied Halo's petition for a rehearing *en banc*. Halo's waiver and the lack of any decision below addressing the *Seagate* test are sufficient to deny *certiorari*.

Further, the lower court rulings do not present a reason for the Court to reevaluate Section 284 in this case. The Federal Circuit's affirmance does not conflict with any other federal court's decisions. Nor is it contrary to any precedent of this Court. Surely aware of its waiver of the issue it now seeks to argue, Halo makes a futile attempt to link this case to two others that the Court has recently decided – *Highmark, Inc. v. Allcare Health Mgmt. System, Inc.*, 134 S. Ct. 1744 (2014) [No. 12-1163] and *Octane Fitness, LLC v. ICON Health & Fitness, Inc.*, 134 S. Ct. 1749 (2014) [No. 12-1184]. However, those decisions have no bearing on this case. *Highmark* and *Octane* involve a different statute with a different purpose and different effects

than 35 U.S.C. § 284. As such, this issue does not warrant consideration by the Court.

Halo did not ask the Federal Circuit panel to overturn or revise *Seagate*. Nor did it ask the Federal Circuit to revise the standard for awarding enhanced damages under Section 284. Moreover, Halo has not shown that the alleged "rigid two-part test" for willful infringement was applied here in a "rigid" manner. In fact, in this case, the two-part test was clearly applied in a flexible manner, with all the evidence being considered, and the district court then determining that a finding of willful infringement and an award of enhanced damages were not appropriate. The Federal Circuit properly affirmed that finding.

Halo asserts that "district courts are now unable to impose enhanced damages if a defendant presents a non-frivolous defense, even if it acted in bad faith before the suit by copying the patentee's product, ignoring offers to license, and failing to investigate or develop any pre-suit defense." (Petition at p. 2.) This assertion is based on speculation, not on facts in the record. Moreover, it is not supported by any case cited by Halo.

In this case, the record does not support Halo's assertions of "bad faith" regarding "copying the patentee's product," "ignoring offers to license," or "failing to investigate or develop any pre-suit defense." Instead, the record shows Pulse's consistent good faith and strong, although unsuccessful, infringement defenses, including invalidity of Halo's

patent claims for obviousness. Based on the facts of record, the district court found no willful infringement, and the Federal Circuit affirmed that finding. Halo does not explain why those findings were erroneous. Finally, Halo never articulates any reason why, regardless of the finding of no willful infringement, it should be entitled to enhanced damages. Halo's petition should be denied.

II. 35 U.S.C. § 271(a)

Section 271(a) addresses liability for patent infringement by one who "offers to sell, or sells any patented invention, within the United States." Contrary to Halo's assertions, the record does not show that Pulse engaged in any sale "within the United States" through an alleged "requirements contract," since many critical aspects of a contract were missing, including essential terms of sale, an offer, and an acceptance. Likewise, the record does not show that there was an "offer to sell" in the U.S. by Pulse. Halo's discussion of *Transocean Offshore Deepwater Drilling, Inc. v. Maersk Contractors USA, Inc.*, 617 F.3d 1296 (Fed. Cir. 2010), is misplaced here. The facts of *Transocean* are distinguishable from the facts of this case. Moreover, the reasoning of *Transocean* follows the precedents of this Court that limit the extraterritorial application of U.S. patent law, as in *Microsoft Corporation v. AT&T Corporation*, 550 U.S. 437, 455 (2007).

Halo's petition satisfies none of this Court's criteria for *certiorari*. It presents fact-driven questions that were conclusively resolved against Halo by the courts below. There is admittedly no conflict among the circuits. The Federal Circuit's resolution of the issues now raised by Halo was correct and was based on decades of precedent. Accordingly, Halo's petition for *certiorari* should be denied.

REASONS TO DENY THE PETITION

I. THIS IS NOT AN APPROPRIATE CASE FOR REEVALUATION OF ENHANCED DAMAGES UNDER 35 U.S.C. § 284.

A. The Validity of the Underlying Patent Claims Is In Dispute.

The Federal Circuit's panel opinion recognized that Pulse had presented a strong challenge to the validity of each of Halo's asserted patent claims. (App. 21a: "[A]lthough Pulse was ultimately unsuccessful in challenging the validity of the Halo patents, Pulse did raise a substantial question as to the obviousness of the Halo patents"; App. 22a-23a: "It is true that the record evidence indisputably shows that almost all the limitations in the asserted claims were known elements of electronic packages that existed in the prior art.")

In its Conditional Cross-Petition, filed on July 24, 2015 [No. 15-121], Pulse discussed the highly questionable validity of Halo's asserted patent claims. As

argued there, the patents should have been found invalid, and the infringement finding should have been nullified. Halo's request for the Court to review the standard for awarding enhanced damages for patent infringement presupposes that the underlying patent claims are valid. However, the record clearly shows that Pulse had a good faith belief that Halo's asserted patent claims were invalid and that Pulse strongly challenged their validity. Standing alone, those facts make this an inappropriate case for a reevaluation of the standard for enhanced damages in patent infringement cases.

B. The Operative Facts Are In Dispute.

This case is filled with disputed facts regarding Pulse's allegedly infringing acts. Halo urges review by the Court based on Halo's biased and largely unsupported view of the facts. For example, Halo makes assertions regarding Pulse's "bad faith" in "copying the patentee's product," "ignoring offers to license," and "failing to investigate or develop any pre-suit defense." (Petition at 2.) However, the record shows that: (1) Pulse acted in good faith by investigating the patents in suit long before infringement was alleged and determining that they were invalid; (2) Pulse believed that Halo's patents represented obvious combinations of prior art components; (3) Pulse believed that licensing of Halo's invalid patents was unnecessary; and (4) Pulse formulated good faith and strong infringement defenses, including invalidity of Halo's patents for obviousness, once

Halo filed a complaint and accused Pulse of infringement.

On these facts, it is unlikely that Pulse's conduct would constitute willful infringement under *any* reasonable standard for assessing willful infringement. Halo offers no alternative standard for awarding enhanced damages and cites no proof of bad faith by Pulse that would warrant enhanced damages. Accordingly, this is not an appropriate case for reassessing the standard for enhanced damages under Section 284.

C. A Majority of the Federal Circuit *En Banc* Properly Concluded That This Case Is Not Appropriate for Reevaluating Enhanced Damages Under 35 U.S.C. § 284.

The fact that two Federal Circuit judges suggested that the standard for the award of enhanced damages under Section 284 should be revisited by the Federal Circuit does not mean that this is an appropriate case for this Court to review that standard. Importantly, the other nine judges who considered Halo's petition for rehearing *en banc* declined to rehear Halo's arguments on enhanced damages. (App. 137a-139a.) In an opinion concurring in the denial of rehearing *en banc*, two judges reasoned:

> In the present case, Halo raises no questions about the necessity of a willfulness finding for enhancement under § 284, about the

> decision-maker or burden of persuasion in the trial court, or about the standard of review in the appellate court. Notably, adoption of a more deferential standard of review, without any change in substantive or other standards, could not help Halo: The district court in this case rejected willfulness.

(App. 144a.) Accordingly, Halo did not properly raise the issue of enhancement of damages in the Federal Circuit, and it certainly did not show that, absent a finding of willful infringement, it is entitled to enhanced damages.

Halo simply asserts, without support, that the current standard for awarding enhanced damages under Section 284 is wrong and asks the Court to articulate a new standard that might entitle it to such damages. Based on the record below, where both the district court and the Federal Circuit correctly found no willful infringement, Halo is in no position to ask the Court to reevaluate the law of enhanced damages under Section 284, and that request should be denied.

D. Halo Waived Any Challenge to the *Seagate* Test.

Halo's appeal to the Federal Circuit raised the issue of the proper standard for assessing willful infringement, particularly the application of "*Seagate*'s 'objectively reasonable' requirement." There, Halo argued that the "objective" prong required to prove

willfulness under *Seagate* was ultimately a question of law subject to *de novo* review on appeal. Halo did not contradict Pulse's statement that the district court's judgment regarding the reasonableness of Pulse's defenses was also subject to *de novo* review. Nor did Halo argue that the *Bard* and *Seagate* decisions were in any way wrong, until Halo challenged them for the first time in its petition for a rehearing *en banc*. Instead, Halo embraced *Seagate* and *Bard*, insisted that they had not changed the law, and claimed to have satisfied their standards. *See, e.g.*, Halo Opening Brief at 35 ("The two-prong framework of *Seagate* and *Bard* should thus be interpreted to ensure that infringers are still subject to enhanced damages if they engage in conduct the law should deter."); Halo Opening Brief at 37 ("Those principles remain sound after *Bard*, even though it is now the judge, rather than the jury, that decides the objective prong.").

Halo's arguments on Section 284 have been waived. Halo did not appeal to the Federal Circuit on the standard for awarding enhanced damages under Section 284. Moreover, Halo did not argue in that appeal that it should be entitled to enhanced damages on any basis other than a finding of willfulness. Only in its petition for rehearing *en banc* did Halo first assert that the *Seagate/Bard* standard was too "rigid" to serve what it now sees as the purpose of Section 284. And, in its petition for *certiorari*, Halo asserts for the first time that enhanced damages

under Section 284 should be considered and awarded *apart from* a finding of willful infringement.

Halo's waiver should preclude consideration of the arguments it only now raises. *See Wood v. Milyard*, 132 S. Ct. 1826, 1834 (2012) ("[A]ppellate courts ordinarily abstain from entertaining issues that have not been raised and preserved in the court of first instance."); *see also Meyer v. Holley*, 537 U.S. 280, 291-92 (2003). Moreover, Halo's argument regarding the propriety of the *Seagate* test, which was made initially in its petition for rehearing *en banc*, was too late even for Federal Circuit review. *See Pentax Corp. v. Robison*, 135 F.3d 760, 762 (Fed. Cir. 1998) ("Just as this court will not address issues raised for the first time on appeal or issues not presented on appeal, we decline to address the government's new theory raised for the first time in its petition for rehearing."); *see also Haas v. Peake*, 544 F.3d 1306, 1308 (Fed. Cir. 2008). Accordingly, by reason of Halo's waiver and the lack of any decision below concerning Halo's belated challenge to *Seagate*, Halo's request for *certiorari* should be denied.

The record confirms that Halo has failed to preserve the question it now presents to this Court. For example, Halo agreed to the district court's jury instruction on willful infringement, which recited a standard based on *Seagate* and instructed the jury (1) to consider "all of the facts surrounding the alleged infringement," and (2) to "base [its] decision on the issue of willful infringement on all

of the evidence." In relevant part, the key instruction was:

> In this case Halo argues that Pulse willfully infringed Halo's patents. To prove willful infringement, Halo must first persuade you that Pulse infringed a valid claim of Halo's patent. . . . In addition, Halo must prove willful infringement by clear and convincing evidence. This means Halo must persuade you that it is highly probable that prior to the filing date of the complaint, Pulse acted with reckless disregard of the claims of Halo's patents. To demonstrate such reckless disregard, Halo must persuade you that Pulse actually knew or it was so obvious that Pulse should have known, that Pulse's actions constituted infringement of a valid patent. In deciding whether Pulse acted with reckless disregard for Halo's patents, **you should consider all of the facts** surrounding the alleged infringement including, but not limited to, whether Pulse acted in a manner consistent with the standard of commerce for its industry. You should base your decision on the issue of willful infringement on **all of the evidence**, regardless of which party presented it.

(A3631:2-25 (emphasis added) (all A___ cites are citations to the Court of Appeals appendix).) Halo also used the *Seagate* standard in its district court post-trial briefing. Halo never raised in the district court the argument it now asks this Court to consider.

In appealing to the Federal Circuit, Halo did not challenge *Seagate*. There, it argued exclusively that the district court had misinterpreted the evidence and misapplied the *Seagate* test. Only in seeking a rehearing *en banc* did Halo first seek a standard for assessing willful infringement different from the *Seagate* standard. It did not request a new standard for awarding enhanced damages until it filed this petition for *certiorari*.

Halo's failure to challenge the *Seagate* test below belies its argument that this Court should now consider whether a new standard for enhanced damages is necessary. If the issue is as critical as Halo suggests, the Court should have the benefit of a reasoned Federal Circuit decision based on arguments properly presented below.

E. Halo Improperly Seeks Error Correction.

"Error correction is . . . outside the mainstream of the Court's functions and . . . not among the 'compelling reasons' . . . that govern the grant of certiorari." Shapiro et al., *Supreme Court Practice* § 5.12(c)(3), p. 352 (10th ed. 2013). Further, "[a]s this Court's Rule 10 informs, '[a] petition for a writ of certiorari is rarely granted when the asserted error [is] . . . the misapplication of a properly stated rule of law.'" *Id.* (quoting S. Ct. Rule 10).

Here, Halo is asking the Court to correct the lower courts' alleged factual errors and misapplication of the willfulness test. Indeed, other than

presenting its waived challenge to *Seagate*, Halo's petition only rehashes its objections to factual and legal determinations below. However, Halo's disagreement with the lower courts' determination that Pulse's conduct was not objectively reckless is insufficient for *certiorari*. Here, the Court should not depart from its "mainstream . . . functions" to assume the role of a third-generation fact-finder, which is a clear example of "error correction." Halo's request should be denied.

F. Neither *Highmark* Nor *Octane* Bears on Issues In this Case.

Halo argues that the Court's rulings in *Highmark* and *Octane* influence this case. Even if Halo had not failed to preserve this issue, Halo's argument is wrong. Specifically, the determination by the Court that a district court's "exceptional case" finding under Section 285 is entitled to deference by the Federal Circuit does not impact this case.

This case and *Highmark/Octane* involve different statutes – Sections 284 and 285, respectively – that serve very different purposes and have very different effects. The issue in *Octane* and *Highmark* was the proper test and standard of review for awarding attorney fees for exceptional cases under Section 285. The issue here is enhanced damages under Section 284. Those issues are fundamentally different and dictate different governing tests and standards of review.

The key distinction is simple and critical. **Attorney fees are compensatory. Enhanced damages are punitive.** *Compare Knorr-Bremse Systeme Fuer Nutzfahrzeuge GmbH v. Dana Corp.*, 383 F.3d 1337, 1347 (Fed. Cir. 2004) (*en banc*) ("Attorney fees are compensatory. . . ."), *with Root v. Ry. Co.*, 105 U.S. 189, 196 (1881) ("[T]he Patent Act of 1836 confined the jury to the assessment of actual damages, leaving it to the discretion of the court to inflict punitive damages to the extent of trebling the verdict.") *and Exxon Shipping Co. v. Baker*, 554 U.S. 471, 507 (2008) (listing Section 284 among punitive damages statutes).

In *Octane*, the Court explained that compensatory attorney fees may be awarded under Section 285 for merely "unreasonable" litigation conduct. *Octane*, 134 S. Ct. at 1755-57. Unreasonable conduct is not enough, however, for punitive enhanced damages under Section 284. Rather, as the Court explained over 160 years ago, punitive or enhanced damages require willful infringement. *Seymour v. McCormick*, 57 U.S. 480, 488-89 (1853). Willfulness requires reckless behavior, which the Court has held requires "conduct violating an objective standard." *Safeco Ins. Co. of Am. v. Burr*, 551 U.S. 47, 68-69 (2007); *Seagate*, 497 F.3d at 1370-71 (citing *Safeco* for the proposition that recklessness is judged against an objective standard). *Safeco*, and the objective standard it requires, were neither expressly nor implicitly overruled by *Octane* or *Highmark*. Accordingly, the revised test that this Court established in *Octane* for

attorney fees does not and should not apply to the analysis for enhanced damages under Section 284.

In *Highmark* and *Octane*, the Court addressed Section 285, a statute wholly distinct from Section 284 that compensates a prevailing party for attorney fees. The Court's reasoning in those cases does not warrant the grant of Halo's petition here.

1. *Octane* and *Highmark* Interpret Only Section 285 and Say Nothing About Willfulness.

Halo's petition depends on its assertion that *Octane* and *Highmark* somehow affect the "objective recklessness" prong of willful infringement under Section 284. However, those opinions made clear that the "analysis begins and ends with the text of § 285." Section 284 and willfulness standards were not addressed at all. *Octane*, 134 S. Ct. at 1755.

Notably, several amici in *Highmark* specifically distinguished the "exceptional case" question at issue there from the willfulness question Halo presents here. *E.g.*, Google Amicus Br. 29-30, *Highmark*, No. 12-1163 (U.S. Dec. 9, 2013) ("No matter what standard or standard of review the Court adopts for exceptional case determinations and attorneys' fee awards under § 285, **it should make plain its holding does not implicate the distinct and critical question of the standard of review for enhanced damages due to willful infringement under 35 U.S.C. § 284.**") (emphasis added);

American Intellectual Property Law Association Amicus Br. 24-26, *Highmark*, No. 12-1163 (U.S. Dec. 9, 2013) (explaining that the fact-specific Section 285 inquiry is a poor candidate for a "unified precedent" with willful infringement decisions and the difference in magnitude of awards under the two provisions); Blue Cross Blue Shield Amicus Br. 8 n.3, *Highmark*, No. 12-1163 (U.S. Dec. 9, 2013) (**"attorney's fees awards are unique from other concepts in patent law such as willfulness under 35 U.S.C. § 284"**) (emphasis added); BSA/The Software Alliance Amicus Br. 22-24, *Highmark*, No. 12-1163 (U.S. Jan. 24, 2014) (describing three reasons a holding that an abuse-of-discretion standard of review applied to Section 285 would not apply to willfulness determinations).

As urged by the *amici*, both of the Court's decisions turned on the precise text of Section 285 and the meaning of the word "exceptional." *See Octane*, 134 S. Ct. at 1752-53, 1755-57 ("The question before us is whether the *Brooks Furniture* framework is consistent with the statutory text [of Section 285]"; examining the meaning of the word "exceptional" and determining the standard for an "'exceptional' case"); *Highmark*, 134 S. Ct. at 1748 ("Our holding in *Octane* settles this case: Because § 285 commits the determination whether a case is 'exceptional' to the discretion of the district court, that decision is to be reviewed on appeal for abuse of discretion."). Those decisions clearly do not apply to the text of other statutory provisions with different language.

2. *Octane* and *Highmark* Did Not Alter the "Objective Recklessness" Test Applied By the District Court In Finding No Willful Infringement; Nor Did They Change the Court of Appeals' Standard of Review.

Because *Octane* and *Highmark* only interpret Section 285, those decisions say nothing about the objective recklessness prong of the willful infringement standard under Section 284. The standards governing the willfulness inquiry under Section 284 and the Federal Circuit cases that develop those standards, *Bard* and *Seagate*, are not mentioned in *Octane* or *Highmark*.

The only possible effect of *Octane* and *Highmark* on this case would be *more deference* to the district court's decision to award Halo nothing under Section 284 based on the lack of willfulness, which the Federal Circuit has already affirmed under the more demanding *de novo* standard of review. Thus, remand for a more deferential review by the Federal Circuit would yield the same result. This Court generally does not grant *certiorari* to resolve questions that will not affect the case outcome. *See, e.g.*, Shapiro et al., *Supreme Court Practice* 249 (10th ed. 2013). Accordingly, there is no reason to remand this case, and Halo's petition should be denied.

G. No Other Factors Warrant *Certiorari*.

Rule 10 describes the "compelling reasons" that warrant review on a writ of *certiorari*. S. Ct. Rule 10. None of those "compelling reasons" is present here. There is no split of authority among the courts of appeals on the same important matter. S. Ct. Rule 10(a). Nor did the Federal Circuit "so far depart[] from the accepted and usual course of judicial proceedings, or sanction[] such a departure by a lower court, as to call for an exercise of this Court's supervisory power." *Id.* Finally, neither court below decided an important question of federal law that conflicts with relevant decisions of this Court or that should otherwise be settled by this Court. S. Ct. Rule 10(b, c).

Further, there are no conflicting decisions by different Federal Circuit panels concerning the *Seagate* test. Since *Seagate*, the Federal Circuit has frequently confirmed the two-part, objective-subjective nature of that test. Similarly, the Federal Circuit has consistently held that the threshold "objective recklessness" prong of the test is not met "when an 'accused infringer relies on a reasonable defense to a charge of infringement.'" *Lee v. Mike's Novelties, Inc.*, 2013 WL 6097232, at *5 (Fed. Cir. Nov. 21, 2013) (quoting *Spine Solutions, Inc. v. Medtronic Sofamor Danek USA, Inc.*, 620 F.3d 1305, 1319 (Fed. Cir. 2010)); *see also Bard*, 682 F.3d at 1005. Indeed, until its petition for rehearing *en banc*, Halo seemingly agreed with this consistent post-*Seagate* precedent. In any event, even if Halo had not waived

this issue, there is no split of authority within the Federal Circuit requiring the Court's intervention.

Finally, the willful infringement requirement for enhanced damages, which Halo appears to challenge in its petition, is based on longstanding Supreme Court precedent. Halo provides no compelling reason to eliminate that test and offers no alternative to it.

The Court examined the willfulness requirement over 160 years ago in *Seymour*, 57 U.S. at 488-89, noting that the Patent Act of 1836 granted judges "power to inflict vindictive or punitive damages" and holding that "there is no good reason why taking a man's property in an invention should be trebly punished" unless "the injury is wanton or malicious." The Federal Circuit, sitting *en banc* in *Seagate*, explained, "that an award of enhanced damages requires a showing of willful infringement" is a "well-established standard [that] accords with Supreme Court precedent." *Seagate*, 497 F.3d at 1368 (citing *Aro Mfg. Co. v. Convertible Top Replacement Co.*, 377 U.S. 476, 508 (1964) (enhanced damages under Section 284 are available for willful or bad-faith infringement); *Dowling v. United States*, 473 U.S. 207, 227 n.19 (1985) (enhanced damages under Section 284 are available for "willful infringement"); *Seymour*, 57 U.S. at 489).

In contrast to the long history of the enhanced damages statute, the attorney fee statute is relatively new. As noted in *Octane*, 134 S. Ct. at 1753, Congress created Section 285 attorney fees awards through the

Patent Act of 1946. Before the Act, the law "did not authorize the awarding of attorney's fees." *Id.* Because Congress first created a fee-shifting provision in 1946, there were no judicial precedents for the Act to incorporate. Accordingly, the Court's purely textual reading of Section 285 in *Octane* neither mandates nor suggests a similar treatment for Section 284, which has an extensive history of judicial interpretation. As such, Halo's argument for broadening the application of Section 284 has no merit and does not warrant *certiorari*.

II. THE FEDERAL CIRCUIT'S DETERMINATION OF NO WILLFUL INFRINGEMENT UNDER 35 U.S.C. § 284 WAS CORRECT, AND FURTHER REVIEW IS UNNECESSARY.

Halo's argument for enhanced damages improperly focuses only on pre-filing conduct, totally ignores Pulse's strong obviousness defense, and misstates how a willful infringement analysis should be conducted. Under Federal Circuit precedent, whether the objective prong of a willful infringement analysis has been met is a question of law. *Bard*, 682 F.3d at 1005 ("The court now holds that the threshold objective prong of the willfulness standard enunciated in *Seagate* is a question of law based on underlying mixed questions of law and fact and is subject to *de novo* review."). Here, the district court's finding of no willful infringement and determination of no enhanced damages were correct under the law, were

supported by substantial evidence, and were properly reviewed *de novo* and affirmed by the Federal Circuit. Halo offers no good reasons for the Court to review those determinations.

A. Halo Misstates the Law on Willful Infringement.

1. A Court Can Properly Consider Post-Complaint Conduct When Assessing Willful Infringement.

First, it is unclear why Halo thinks it is entitled to enhanced damages under Section 284. Halo criticizes the Federal Circuit for "graft[ing] a willfulness requirement into the statute" (Petition at 14), but Halo offers no alternative standard for determining when to award enhanced damages or that would entitle it to enhanced damages here.

The Court has made clear that enhanced damages are only available "in a case of willful or bad-faith infringement." *Aro*, 377 U.S. at 508. Halo failed to offer evidence below sufficient to support a determination of "willful or bad-faith infringement" by Pulse. Nevertheless, Halo now appears to contest the finding of no willful infringement by arguing that the analysis must focus only on an accused infringer's pre-suit conduct. (Petition at 22-23.) This argument fails.

Seagate does not limit willfulness evidence to pre-suit conduct and, in fact, acknowledges that the analysis can consider post-suit activity, stating, "It is certainly true that patent infringement is an ongoing

offense that can continue after litigation has commenced. . . . [W]hen an accused infringer's post-filing conduct is reckless, a patentee can move for a preliminary injunction, which generally provides an adequate remedy for combating post-filing willful infringement." *Seagate*, 497 F.3d at 1374 (citations omitted).

In this case, the record shows Halo did not accuse Pulse of infringement until it filed the complaint. Pulse's pre-suit conduct is undisputed. Pulse investigated the patents before suit was filed and determined that they were invalid by reason of prior art. Pulse also formed good faith infringement defenses, including invalidity of Halo's patents for obviousness, after Halo filed suit and asserted those defenses throughout the case. Thus, Pulse's conduct, both before and after the complaint was filed, demonstrated a total absence of bad faith and clearly did not constitute willful infringement.

B. The District Court's Finding of No Willful Infringement Was Based on Halo's Failure to Prove Willfulness, Was Supported By Ample Evidence of Pulse's Reasonable Conduct, and Was Completely Correct.

The district court correctly concluded (a) that Pulse offered strong evidence of a reasonable basis for its pre-suit conduct by showing that the obviousness defense, as proven at trial, was not objectively baseless or a sham and (b) that Halo had *not* satisfied its

burden of proof under the "objective prong" of willful infringement. The record shows that a Pulse engineer reviewed the patents and determined them invalid **before** Pulse engaged in its accused pre-suit conduct. At all times, Pulse acted in a reasonable manner and not in bad faith.

1. Trial Evidence Showed That Pulse's Conduct Was Objectively Reasonable and In Good Faith.

Halo's mischaracterizations of the trial evidence do not negate the objective reasonableness of Pulse's actions. In support of its willful infringement claim, Halo offered the deposition testimony of Carrie Munson, a Pulse marketing director, who testified: (1) that Pulse learned of Halo's patents in 1998 (A2241:8-13); (2) that John Kowalski, Pulse's President, received one or more letters from Halo concerning its patents in 2002 (A2241:24 – A2242:16; A5953; A5954); and (3) that after receiving the letters, Mr. Kowalski contacted Victor Aldaco, a Pulse engineer, for his views. (A2243:5-9.) As Ms. Munson further testified:

> Mr. Aldaco did a cursory search of the patent and was skeptical as to its validity based on his knowledge of prior art that we had and his remembering the part that we had developed 30 years ago that he actually was personally involved in doing tests or something as a young engineer.

(A2243:15-21.) Specifically, Mr. Aldaco believed that at least Pulse's part number PE60584 and various

other open header parts were prior art that rendered the Halo patents invalid. (A2243:15 – A2244:23.) The few hours that Mr. Aldaco spent reviewing the patents – all of which had similar figures and brief specifications – were more than sufficient for him to determine that each was obvious.

In sum, Mr. Aldaco made a conscious decision that the patents were probably invalid as obvious and were not a bar to Pulse. Pulse, under the leadership of Mr. Kowalski, who had requested Mr. Aldaco's views, then continued with its normal activities in the field.

Halo's only evidence of willfulness, the deposition testimony of Ms. Munson, fell far short of being "clear and convincing." In fact, it raised a credible invalidity defense that showed an absence of unreasonableness or bad faith by Pulse and precluded a finding of willfulness.

In addition, Pulse's invalidity defense had sufficient merit – at minimum – to present a triable issue. Standing alone, that precludes a finding of objective recklessness in this case. *See, e.g.*, *Spine Solutions*, 620 F.3d at 1319 (overturning a jury's finding of willfulness because the defendant "raised a substantial question as to the obviousness" of the asserted patent, which was ultimately found to be nonobvious); *DePuy Spine, Inc. v. Medtronic Sofamor Danek, Inc.*, 567 F.3d 1314, 1336-37 (Fed. Cir. 2009) (reasoning that a substantial defense to infringement may preclude a finding of willful infringement).

2. Halo's Letters to Pulse In 2002 Did Not Allege Infringement; Only with the Complaint In 2007 Did Halo Allege Infringement, Whereupon Pulse Raised Substantial Defenses That Precluded Willful Infringement.

As the district court held (App. 118a), and as Halo now admits (App. 7a), the letters that Halo sent to Pulse in 2002 did not allege patent infringement.

In evaluating Pulse's pre-suit conduct, the key factor is that Halo did not accuse Pulse of infringement until Halo filed its complaint. After being served, Pulse promptly raised substantial invalidity and noninfringement defenses that survived summary judgment and presented triable issues of fact. After considering the trial evidence, the district court judge found no willful infringement by Pulse. In light of that evidence and of Halo's failure to prove willfulness by clear and convincing evidence, the district court's grant of judgment as a matter of law of no willfulness was proper, as was the Federal Circuit's affirmance of that holding.

3. Under *Bard*, the District Court Judge, Not the Jury, Decides the Objective Prong of Willfulness; Here, the Judge's Finding of No Willful Infringement Was Properly Affirmed.

Bard made clear that the district court judge, not the jury, must decide the objective prong of a willful infringement analysis. 682 F.3d at 1007 ("[T]he

objective determination of recklessness, even though predicated on underlying mixed questions of law and fact, is best decided by the judge as a question of law subject to *de novo* review"). Whether a defense is reasonable is a legal issue for the district court, even when the jury decides underlying factual issues such as with obviousness. *Id.*

Here, the trial judge, after hearing all the testimony and reviewing all the other evidence, correctly decided that Halo had not met its burden of proving the threshold objective prong for willful infringement by clear and convincing evidence. As stated in *Bard*, "courts of appeals should 'be constantly alert' to 'the trial judge's first-hand knowledge of witnesses, testimony, and issues' [and] should give due consideration to the first-instance decisionmaker's 'feel' for the overall case." *Id.* at 1008 (citations omitted). Accordingly, the Federal Circuit correctly affirmed the district court's finding of no willful infringement.

Taken together, this demonstrates that Halo's petition on the questions involving Section 284 should be denied.

III. THIS IS NOT AN APPROPRIATE CASE FOR REEVALUATION OF THE TERRITORIAL REACH OF 35 U.S.C. § 271(a).

A. The Validity of the Underlying Patent Claims Is In Dispute.

As discussed above and detailed in Pulse's conditional cross-petition, Pulse presented a strong

challenge to the validity of each of the patent claims asserted by Halo. The Court should decline to consider the standard for assessing infringement under Section 271(a) in a case where the validity of the patents found to have been infringed is highly questionable.

B. The Operative Facts Are In Dispute.

This case has many disputed facts regarding the alleged infringing acts of Pulse. For example, Halo contends that Pulse utilized a requirements contract and made offers to sell in the U.S. However, Pulse maintains – and the district court and Federal Circuit held – that only negotiations took place in the U.S., no binding terms of sale were reached in the U.S., and no offers to sell or sales were made in the U.S. Thus, if the Court should take up the issue of direct infringement in this case, it would first have to make fact-specific findings regarding what conduct is domestic versus foreign, and then determine whether any domestic conduct is sufficient "to displace the presumption against extraterritorial application." *Kiobel v. Royal Dutch Petroleum Co.*, 133 S. Ct. 1659, 1669 (2013). That alone makes this case inappropriate for *certiorari*.

Halo cites to the Brief *Amici Curiae* for Ten Intellectual Property Professors in the *Transocean* case (No. 13-43) (*available at* http://bit.ly/1pYxI2V), which supported *certiorari* there and pointed to the district court's summary judgment decision in this

case as an example of why *Transocean* should be reversed. The professors reasoned that "even more perplexing, is that there is no infringement when the offer is in fact made within the United States to sell a device overseas." Br. *Amici Curiae* of Ten Intellectual Property Law Professors in *Transocean*, No. 13-43 at 14. However, their concern is unwarranted in this case, since they appear to misapprehend the district court's decision, which **did not** find that offers to sell by Pulse occurred in the U.S.

The *amici* brief incorrectly described the district court as "finding no infringement for domestic offers to sell the invention abroad." *Id.* However, the district court's opinion only referred to "pricing discussions . . . between Pulse and its customers in the United States," and did not determine that those discussions were offers to sell. (App. 129a.) The district court identified a dispute between the parties as to whether these "pricing discussions" constituted offers for sale, and the district court resolved it in favor of Pulse, finding no offers to sell in the U.S., stating:

> Halo does not provide any evidence disputing that the products were manufactured overseas or the amount of products shipped outside of North America. Rather, Halo argues that because some pricing discussions took place in the United States, Pulse "offered to sell" the accused products in the United States. It is well settled that liability under

> § 271(a) requires infringing activity within the United States.

(App. 129a.)

The district court correctly concluded that "some pricing discussions" did not amount to infringing offers to sell in the U.S. Only then did the district court proceed with its analysis under *Transocean*, stating "[f]urther, under *Transocean*, it is not the location of the offer to sell, but rather the location of the contemplated sale that determines whether an offer to sell is made in the United States." (App. 129a.) The district court then found that the ultimate sales of accused products did not take place in the U.S. As such, the district court determined that no infringing activity – whether by offers to sell or sales in the U.S. – was committed by Pulse. (App. 129a-130a.)

In view of the disputed facts regarding the alleged infringing acts of Pulse, this is not an appropriate case for the Court to reevaluate the standard for infringement under Section 271(a).

C. The Federal Circuit Properly Held That This Case Is Not Appropriate for Reevaluating Infringement Under Section 271(a).

The Federal Circuit correctly found that neither a sale nor an offer to sell had occurred in the U.S. that would result in liability under Section 271(a), stating:

On undisputed facts, the products under discussion here were manufactured, shipped, and delivered to buyers abroad. *Halo*, 810 F. Supp. 2d at 1207 ("All accused products [at issue] were at no point, in transit or otherwise, in the United States."). **In addition, Pulse received the actual purchase orders for those products abroad. Although Pulse and Cisco had a general business agreement, that agreement** did not refer to, and **was not a contract to sell, any specific product.** J.A. 15135-37. **While Pulse and Cisco engaged in quarterly pricing negotiations for specific products, the negotiated price and projected demand did not constitute a firm agreement to buy and sell, binding on both Cisco and Pulse. Instead, Pulse received purchase orders from Cisco's foreign contract manufacturers, which then firmly established the essential terms including price and quantity of binding contracts to buy and sell. Moreover, Pulse was paid abroad by those contract manufacturers,** not by Cisco, upon fulfillment of the purchase orders. Thus, substantial activities of the sales transactions at issue, in addition to manufacturing and delivery, occurred outside the United States. Although Halo did present evidence that pricing negotiations and certain contracting and marketing activities took place in the United States, which purportedly resulted in the purchase orders and sales overseas, as indicated, such pricing

> and contracting negotiations alone are insufficient to constitute a "sale" within the United States.
>
> * * *
>
> On these facts, we need not reach Halo's argument that the place where a contract for sale is legally formed can itself be determinative as to whether a sale has occurred in the United States because **we agree with the district court here that the pricing negotiations and contracting activities in the United States to which Halo points did not constitute the final formation of a definitive, binding contract for sale.**

(App. 15a (emphasis added).)

Moreover, the pricing discussions did not constitute a "requirements contract" because they were mere negotiations. There was no agreement as to any potential requirements, any particular products, or any specified price. As the Federal Circuit noted:

> As one of Cisco's component suppliers, Pulse executed a general agreement with Cisco that set forth manufacturing capacity, low price warranty, and lead time terms. J.A. 15135-37. However, that general agreement did not refer to any specific Pulse product or price. Cisco typically sent a request for quote to its component suppliers and Pulse responded with the proposed price and minimum quantity for each product as identified by its part number. After further negotiation,

> Cisco issued the agreed-upon price, projected demand, and percentage allocation to Pulse for each product for the upcoming quarter.

(App. 6a.)

Based on these facts and applicable case law, there could be no offer to sell or sale in the U.S. Accordingly, there was no direct infringement under Section 271(a). Further, the Federal Circuit correctly refused to expand the scope of Section 271(a) to find infringement for Pulse's foreign activities, which would have been an improper extraterritorial application of U.S. patent laws. (App. 15a-16a.) As such, Halo's petition should be denied on all issues involving the territorial reach of Section 271(a).

IV. THE FEDERAL CIRCUIT'S AFFIRMANCE OF THE GRANT OF PULSE'S MOTION FOR SUMMARY JUDGMENT UNDER 35 U.S.C. § 271(a) WAS CORRECT, AND FURTHER REVIEW IS UNNECESSARY.

The statute defining direct patent infringement, 35 U.S.C. § 271(a), states:

> (a) Except as otherwise provided in this title, whoever without authority makes, uses, offers to sell, or sells any patented invention, within the United States or imports into the United States any patented invention during the term of the patent therefor, infringes the patent.

In this case, Halo bases it claims of direct infringement (including sale and delivery of the Pulse products at issue) on activities that took place outside of the U.S. All of the activities complained of by Halo that occurred in the U.S. have to do with non-infringing products or activities, a fact that precludes a finding of direct infringement under Section 271(a).

Accordingly, the district court's grant of Pulse's Motion for Summary Judgment of No Liability for Sales Activity Outside of North America was fully supported by undisputed facts and by the law, and it was properly affirmed by the Federal Circuit.

A. Pulse's Limited Pricing Discussions In the United States Did Not Constitute Patent Infringement Because No Sales of Accused Products Occurred In the United States By Reason of Those Discussions.

The record clearly shows that the actions of Pulse now at issue took place primarily outside of the U.S. The vast majority of the accused products sold by Pulse – about 84% of those sold since March 15, 2001 – were manufactured, ordered, invoiced, shipped, and delivered **outside** of the U.S. (A43-51; A16023-38; A16039-69.) Since that date, **all** of the accused products have been manufactured in China. (A16071.) **All** purchase orders for accused products that were shipped outside of North America were received at Pulse's sales offices **outside** of North America since that time. (A16071-72.) **All** of the

accused products eventually shipped to Pulse's customers **outside** of North America were **never**, at any point, in transit or otherwise, in the U.S. (A16072.) These are the only products now at issue for Halo's claim of direct infringement.

Pulse sold relatively few of the accused products to Cisco and its subsidiaries. (A16101; A16109.) Pulse engaged in periodic pricing discussions with Cisco in the U.S. regarding the prices that Pulse would offer to Cisco's contract manufacturers for any of the accused products they might order. (A16089; A16091; A16107-108.) However, all those pricing discussions were **forecasts** and did not guarantee that Pulse would actually receive a single order from any manufacturer. (A16109-110.) For each manufacturer that actually placed an order with Pulse, **all** of the manufacture, invoicing, shipping, and delivery took place **outside** of the U.S. (A16074-76.) Halo did not rebut these facts or show that Pulse has shipped any ordered products into the U.S. (*See* A43-51.)

As a matter of law, products made outside the U.S. and shipped outside the U.S. cannot infringe under Section 271(a), which requires that infringing activity with respect to a patented invention take place "within the United States." As such, there is no reason for the Court to review the district court's limited grant of summary judgment of no direct infringement or the Federal Circuit's affirmance of that decision.

B. The District Court and Federal Circuit Properly Applied *Transocean* and Other Case Law In Granting Summary Judgment of No Direct Infringement "Within the United States."

Halo argues that the district court and the Federal Circuit misinterpreted the provisions of Section 271(a) and misapplied *Transocean* to grant and affirm summary judgment of no direct infringement. (Halo Petition at 24-31.)

In its strained interpretation of Section 271(a), Halo ignores decades of precedent limiting the extraterritorial application of U.S. patent law. Halo argues that any activity, however minimal, that occurs in the U.S. is sufficient to meet the "within the United States" language of Section 271(a) and thereby render any related activity to be an act of infringement. For example, at oral argument before the Federal Circuit, Halo's counsel acknowledged that Halo was interpreting Section 271(a) in a "very broad" manner:

> Judge Hughes: I mean, my baseline was that we disagree with you that a sale actually occurred here. It seems to me that, that's what I'm trying to get at is, what your definition of "offer for sale" is, and it seems like it's a very broad one.
>
> Mr. Woodford: **Right. Our position is very broad, that is true.**

Federal Circuit Oral Argument Recording (Aug. 4, 2014), No. 2013-1472, at 12:30-45 (*available at* http://oralarguments.cafc.uscourts.gov/default.aspx?fl=2013-1472.mp3).

Halo's proposed expansion of Section 271(a) violates several basic principles. First, Halo's proposal should be addressed to Congress, because it would require an amendment to a federal statute. Second, there is a presumption against such extraterritorial application. "It is a longstanding principle of American law that legislation of Congress, unless a contrary intent appears, is meant to apply only within the territorial jurisdiction of the United States." *Morrison v. Nat'l Australia Bank Ltd.*, 130 S. Ct. 2869, 2877 (2010) (quotation marks and citations omitted). "When a statute gives no clear indication of an extraterritorial application, it has none." *Id.* at 2878. This presumption applies "in all cases." *Id.* at 2881. As the Court has emphasized, absent a clear indication from Congress, U.S. law does not govern conduct within another country's territory. *E.g.*, *Kiobel*, 133 S. Ct. at 1664; *Morrison*, 130 S. Ct. at 2878. The presumption against extraterritorial application applies with "particular force in patent law." *Microsoft*, 550 U.S. at 454-55.

In this case, Pulse, an American company with operations in the U.S., conducted activities in the U.S. related to its business of providing products to its customers. However, those domestic activities do not constitute infringing activities under Section 271(a). *See Morrison*, 130 S. Ct. at 2884 ("But the

presumption against extraterritorial application would be a craven watchdog indeed if it retreated to its kennel whenever *some* domestic activity is involved in the case.").

This Court has long held that U.S. patent law does not operate extraterritorially to prohibit infringement abroad. *See Microsoft*, 550 U.S. at 441 ("It is the general rule under United States patent law that no infringement occurs when a patented product is made and sold in another country."); *Deepsouth Packing Co., Inc. v. Laitram Corp.*, 406 U.S. 518, 531 (1972) ("[o]ur patent system makes no claim to extraterritorial effect"), *superseded in part by statute*, Patent Law Amendments Act of 1984, Pub. L. No. 98-622, 98 Stat. 3383; *Dowagiac Mfg. Co. v. Minnesota Moline Plow Co.*, 235 U.S. 641, 650 (1915) ("The right conferred by a patent under our law is confined to the United States and its Territories . . . and infringement of this right cannot be predicated of acts wholly done in a foreign country."). As this Court reasoned more than 150 years ago, in *Brown v. Duchesne*, 60 U.S. (19 How.) 183, 195-96 (1856):

> [T]hese acts of Congress do not, and were not intended to, operate beyond the limits of the United States; and as the patentee's right of property and exclusive use is derived from them, they cannot extend beyond the limits to which the law itself is confined. And the use of it outside of the jurisdiction of the United States is not an infringement of his rights, and he has no claim to any

> compensation for the profit or advantage the party may derive from it.

Similarly, the Federal Circuit has noted, "It is well-established that the reach of section 271(a) is limited to infringing activities that occur within the United States." *MEMC Elec. Materials, Inc. v. Mitsubishi Materials Silicon Corp.*, 420 F.3d 1369, 1375 (Fed. Cir. 2005).

On that point, Halo's citation to *amici* briefs in support of *certiorari* in the *Transocean* case is notable. Virtually all the briefs underscored the need to respect the national boundaries of U.S. patent law and to avoid any unwarranted extraterritorial application. Here, Halo's argument for a finding of infringement under Section 271(a) for Pulse's foreign manufacturing and sales is precisely the type of unjustified extraterritorial application of U.S. patent law that those *amici* briefs opposed.

If Halo is arguing that there is ambiguity in § 271(a), any such ambiguity should be construed against extraterritorial application of U.S. patent laws. "When a statute gives no clear indication of an extraterritorial application, it has none." *Morrison*, 130 S. Ct. at 2878. Viewing the statute objectively, Congress clearly indicated that Section 271(a) does not apply to foreign activities; rather, it only applies when a person "makes, uses, offers to sell, or sells" a patented invention "within the United States," or imports it "into the United States." *See also* 35 U.S.C.

§ 154(a)(1) (stating that U.S. patents only apply "throughout the United States").

The Federal Circuit reasonably and correctly interpreted "any patent invention, within the United States" as modifying the words "to sell" in the phrase "offers to sell" because the words "any patented invention, within the United States" actually follow "to sell," not "offers." 35 U.S.C. § 271(a). If Congress had intended for the phrase "within the United States" to modify "offers," Congress could have drafted Section 271(a) accordingly, such as by using the language "offers within the United States to sell any patent invention."

Halo's theory of direct infringement based on alleged "offers to sell" is also flawed for another reason. Halo produced no evidence to show that any of the purported offers to sell that occurred in the U.S. were for products that would, if sold, infringe the patents at issue. An infringing "offer to sell" must be for the contemplated sale of an infringing product. *See Rotec Indus., Inc. v. Mitsubishi Corp.*, 215 F.3d 1246, 1260 (Fed. Cir. 2000) (Newman, J., concurring), stating:

> It is clear, however, that an infringing offer to sell, § 271(a), must be of an item that would infringe the United States patent upon the intended sale, § 271(i). Thus an offer made in the United States, to sell a system all of whose components would be made in foreign countries, for sale, installation, and

> use in a foreign country, does not infringe the United States patent.

Further, Halo has no basis to allege direct infringement for products that were *not* shipped into the U.S. even after a purported (and unproven) offer for sale made by Pulse in the U.S.

As the district court correctly held in its summary judgment order:

> Although Halo has provided evidence indicating that pricing discussions took place between Pulse and its customers in the United States, **Pulse has provided evidence that the majority of its accused products were manufactured and shipped outside of the United States. Halo does not provide sufficient evidence that Pulse shipped these products into the United States.** Accordingly, there is not a genuine issue of material fact that for these products, Pulse did not directly infringe the Halo patents. **Therefore, Pulse is not liable for direct infringement based on its sales of accused products outside of the United States.**

(App. A29-31 (emphasis added).)

On appeal to the Federal Circuit, Halo presented *no evidence* that would establish that Pulse offered to sell or sold those products in the U.S. or shipped them into the U.S. Because Halo embraced a theory of direct infringement that was not supported by statute or by case law, and because it failed to show

that Pulse offered to sell, sold, or shipped the accused products into the U.S., the Federal Circuit affirmed the district court's grant of summary judgment of no direct infringement "within the United States." As such, there is no reason for the Court to review that ruling.

CONCLUSION

For the foregoing reasons, Halo's petition for a writ of *certiorari* should be denied.

Respectfully submitted,

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